

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N. Y. 10005

TELEPHONE 212 HANOVER 2-3000

TELEX

233663

WUD 125547

WUI 620976

ADDRESSES

CHASE MANHATTAN BANK

NEW YORK, N. Y.

CHASE MANHATTAN BANK

PARIS, FRANCE

CHASE MANHATTAN BANK

LONDON, ENGLAND

CHASE MANHATTAN BANK

NEW YORK, N. Y.

CHASE MANHATTAN BANK

PARIS, FRANCE

CHASE MANHATTAN BANK

LONDON, ENGLAND

CHASE MANHATTAN BANK

NEW YORK, N. Y.

CHASE MANHATTAN BANK

PARIS, FRANCE

CHASE MANHATTAN BANK

LONDON, ENGLAND

CHASE MANHATTAN BANK

NEW YORK, N. Y.

CHASE MANHATTAN BANK

PARIS, FRANCE

CHASE MANHATTAN BANK

LONDON, ENGLAND

CHASE MANHATTAN BANK

NEW YORK, N. Y.

CHASE MANHATTAN BANK

PARIS, FRANCE

CHASE MANHATTAN BANK

LONDON, ENGLAND

CHASE MANHATTAN BANK

NEW YORK, N. Y.

CHASE MANHATTAN BANK

PARIS, FRANCE

CHASE MANHATTAN BANK

LONDON, ENGLAND

CHASE MANHATTAN BANK

NEW YORK, N. Y.

CHASE MANHATTAN BANK

PARIS, FRANCE

CHASE MANHATTAN BANK

LONDON, ENGLAND

CHASE MANHATTAN BANK

NEW YORK, N. Y.

CHASE MANHATTAN BANK

PARIS, FRANCE

CHASE MANHATTAN BANK

LONDON, ENGLAND

CHASE MANHATTAN BANK

NEW YORK, N. Y.

CHASE MANHATTAN BANK

PARIS, FRANCE

CHASE MANHATTAN BANK

LONDON, ENGLAND

CHASE MANHATTAN BANK

NEW YORK, N. Y.

CHASE MANHATTAN BANK

PARIS, FRANCE

CHASE MANHATTAN BANK

LONDON, ENGLAND

CHASE MANHATTAN BANK

NEW YORK, N. Y.

CHASE MANHATTAN BANK

PARIS, FRANCE

CHASE MANHATTAN BANK

LONDON, ENGLAND

CHASE MANHATTAN BANK

NEW YORK, N. Y.

CHASE MANHATTAN BANK

PARIS, FRANCE

CHASE MANHATTAN BANK

LONDON, ENGLAND

CHASE MANHATTAN BANK

NEW YORK, N. Y.

CHASE MANHATTAN BANK

PARIS, FRANCE

CHASE MANHATTAN BANK

RALPH L. MCAFEE
HENRY W. DEKOSMIAN
ALLEN F. MAULSBY
STEWART R. BROSS, JR.
HENRY P. RIORDAN
JOHN R. HUPPER
SAMUEL C. BUTLER
WILLIAM J. SCHRENK, JR.
BENJAMIN F. CRANE
FRANCIS F. RANDOLPH, JR.
JOHN F. HUNT
GEORGE J. GILLESPIE, III
RICHARD S. SIMMONS
WAYNE E. CHAPMAN
THOMAS D. BARR
MELVIN L. BEDRICK
GEORGE T. LOWY
ROBERT ROSENMAN
JAMES H. DUFFY
ALAN J. HRUSKA
JOHN E. YOUNG
JAMES M. EDWARDS
DAVID G. ORMSBY
DAVID L. SCHWARTZ
RICHARD J. HIEGEL

FREDERICK A. O. SCHWARZ, JR.
CHRISTINE BESHAR
ROBERT S. RIFKIND
DAVID BOIES
DAVID O. BROWNWOOD
PAUL M. DODYK
RICHARD M. ALLEN
THOMAS R. BROMBERG
ROBERT D. JOFFE
ROBERT F. MULLEN
ALLEN FINKELSON
RONALD S. ROSEN
JOSEPH R. SAHID
PAUL C. SAUNDERS
MARTIN L. SENZEL
DOUGLAS D. BRIDGEMAN
ALAN C. STEPHENSON
RICHARD L. HOFFMAN
JOSEPH A. MULLINS
MAX R. SHULMAN
WILLIAM P. DICKEY
STUART W. GOLD
JOHN W. WHITE
JOHN E. BEERBOWER

COUNSEL
MAURICE T. MOORE
JAMES L. GILPATRICK
CARLYLE E. MAW
ALBERT R. CONNELLY
JOHN B. BRESLIN, JR.
GEORGE B. TURNER
FRANK H. DETWEILER
GEORGE G. TYLER
JOHN H. MORSE
HAROLD R. MEDINA, JR.
CHARLES R. LINTON
WILLIAM B. MARSHALL
ROYALL VICTOR
ALLEN H. MERRILL
4, PLACE DE LA CONCORDE
75008 PARIS, FRANCE
TELEPHONE: 265-81-54
TELEX: 290530
33 THROGMORTON STREET
LONDON, EC2N 2BR, ENGLAND
TELEPHONE 1-606-1421
TELEX: 8614901

Bangor and Aroostook Railroad Company
Lease Financing Dated as of December 1, 1981
9% Conditional Sale Indebtedness Due 1996

[CS&M Ref: 5735-002]

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. § 11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Bangor and Aroostook Railroad Company for filing and recordation counterparts of the following documents:

(1) (a) Conditional Sale Agreement dated as of December 1, 1981, between Armco Industrial Credit Corporation, as Vendee, and Whittaker Corporation, Berwick Forge and Fabricating Division, as Builder; and

(b) Agreement and Assignment dated as of December 1, 1981, between Mercantile-Safe Deposit and Trust Company, as Agent, and Whittaker Corporation, Berwick Forge and Fabricating Division, as Builder.

(2) (a) Lease of Railroad Equipment dated as of December 1, 1981, between Bangor and Aroostook Railroad Company, as Lessee, and Armco Industrial Credit Corporation, as Lessor; and

E. J. Byrne

13375

DEC 23 1981 - 10 22 PM

INTERSTATE COMMERCE COMMISSION

No. 1-3574042

DEC 23 1981

100.00

Washington, D. C.

13375

DEC 23 1981 - 10 22 PM

INTERSTATE COMMERCE COMMISSION

DEC 23 1981 - 10 22 PM

INTERSTATE COMMERCE COMMISSION

December 18, 1981

DEC 23 1981

(b) Assignment of Lease and Agreement dated as of December 1, 1981, between Armco Industrial Credit Corporation, as Lessor, and Mercantile-Safe Deposit and Trust Company, as Agent.

The names and addresses of the parties to the aforementioned Agreements are as follows:

Vendee-Lessor:

Armco Industrial Credit Corporation,
Suite 700,
Two Hillcrest Green,
12720 Hillcrest Road,
Dallas, Texas 75230.

Builder-Vendor:

Whittaker Corporation,
Berwick Forge and Fabricating Division,
P. O. Box 188,
West Ninth Street,
Berwick, Pennsylvania 18603.

Lessee:

Bangor and Aroostook Railroad Company,
Northern Maine Junction Park,
R.R. 2,
Bangor, Maine 04401.

Agent-Vendor Assignee:

Mercantile-Safe Deposit and Trust Company,
Two Hopkins Plaza,
Baltimore, Maryland 21203.

Please file and record the documents referred to in this letter and index them under the names of the Vendee-Lessor, the Builder-Vendor, the Lessee and the Agent-Vendor-Assignee.

The equipment covered by the aforementioned agreements consists of 83 50'6" 70-ton General Purpose Boxcars

bearing the road numbers of the Lessee BAR 4500-4582, both inclusive and also bearing the legend "Ownership Subject to a Security Agreement Filed with the Interstate Commerce Commission".

Enclosed is our check for \$100 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with your fee receipt addressed to the undersigned.

Very truly yours,

Laurance V. Goodrich

Laurance V. Goodrich
As Agent for Bangor and
Aroostook Railroad Company.

Agatha Mergenovitch, Secretary,
Interstate Commerce Commission,
Washington, D.C. 20423

Encls.

89A

13375/C

RECORDATION NO. _____ Filed 1225

[CS&M Ref. 5735-002]

DEC 23 1981 - 10 55 PM

INTERSTATE COMMERCE COMMISSION

ASSIGNMENT OF LEASE AND AGREEMENT dated as of December 1, 1981 ("Assignment"), by and between ARMCO INDUSTRIAL CREDIT CORPORATION ("Lessor"), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent ("Vendor") under a Participation Agreement dated as of the date hereof.

The Lessor is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with WHITTAKER CORPORATION, BERWICK FORGE AND FABRICATING DIVISION ("Builder"), providing for the sale to the Lessor of such units of railroad equipment ("Units") described in the Annex B thereto as are delivered to and accepted by the Lessor thereunder;

The Lessor and BANGOR AND AROOSTOOK RAILROAD COMPANY ("Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof ("Lease"), providing for the leasing of the Units by the Lessor to the Lessee;

In order to provide security for the obligations of the Lessor under the CSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as defined in paragraph 4.3(b) of the CSA), the Lessor agrees to assign for security purposes certain of its rights in, to and under the Lease to the Vendor;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor under the CSA, all the Lessor's right, title and interest, powers, privileges, and other benefits under the Lease (other than the Lessor's rights under §§ 6, 12 and 20 of the Lease), including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee pursuant to the

provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease and to enforce compliance by the Lessee with all the terms and provisions thereof. Notwithstanding the foregoing, the Payments shall not be deemed to include payments by the Lessee to the Lessor pursuant to §§ 6, 12 and 20 of the Lease (except to the extent and in the event any of such payments discharges a corresponding obligation of the Lessor to the Vendor under the CSA); provided, however, that the Lessor shall have no right to exercise any of the remedies under the Lease (other than § 13(a) thereof) to enforce payment of such excluded amounts after an Event of Default shall have occurred and while it shall be continuing, and no payments otherwise excluded from this Assignment pursuant to this sentence may be made to or retained by the Lessor out of the proceeds of the sale or other disposition of the Units unless and until full payment of principal of and interest on the CSA Indebtedness shall have been made.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease, subject to the provisions of the Lessee's Consent and Agreement attached hereto ("Consent") permitting certain payments to be made directly to the Lessor. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the CSA, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor, by check mailed to the Lessor on such date or, upon written request of the Lessor, by bank wire to the Lessor at such address as may be specified to the Vendor in writing,

and such balance shall be retained by the Lessor. If the Vendor shall not receive any rental payment under § 3.1 of the Lease when due and payable to it as provided in the Consent, the Vendor shall notify the Lessor at the address set forth in the Lease; provided, however, that the failure of the Vendor so to notify the Lessor shall not affect the obligations of the Lessor hereunder or under the CSA. The Lessor will furnish to the Vendor and the Lessee a schedule, with such changes as may be appropriate from time to time, setting forth the amounts due the Vendor under the CSA and the Lessor under the Lease on each date for the payment thereof.

2. This Assignment is executed only as security and, therefore, this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Lessor under the Lease, it being agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. The Lessor will faithfully abide by, perform and discharge each and every obligation and agreement which the Lease provides is to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease (except as provided in Section 7 of the Indemnity Agreement) and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other

instruments in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Lessor under the CSA, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor. Promptly following such full discharge and satisfaction, the Vendor agrees to advise the Lessee in writing thereof and instruct the Lessee that no further payments under the Lease are to be made to the Vendor.

6. The Lessor will, from time to time, execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Vendor in order to confirm or further assure, the interest of the Vendor hereunder.

7. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

8. This Assignment shall be governed by the laws of the State of Texas, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

9. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor, unless the Lessor shall have determined that the Vendor has already received such notices.

10. Except as provided in Paragraph 1 hereof, the Vendor hereby agrees with the Lessor that the Vendor will not, so long as no event of default under the CSA has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by

this Assignment and which are solely for the benefit of and are enforceable by the Lessor without the prior consent of the Lessor, and the Vendor hereby acknowledges notice of, and confirms the Lessor's right under § 20 of the Lease to perform for the Lessee.

11. This Assignment may be executed in any number of counterparts, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. Although for convenience this Assignment is dated as of the date first above written, the actual dates of execution hereof by the parties hereto are the dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

ARMCO INDUSTRIAL CREDIT CORPORATION,

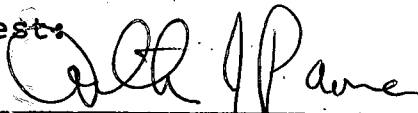
by



Vice President

[Seal]

Attest:



Assistant Secretary

MERCANTILE-SAFE DEPOSIT AND TRUST
COMPANY, as Agent,

by

Assistant Vice President

[Corporate Seal]

Attest:

Assistant Corporate Trust
Officer

STATE OF TEXAS,)
) ss.:
COUNTY OF DALLAS,)

On this day of December 1981, before me personally appeared DR MacLean, to me personally known, who, being by me duly sworn, says that he is a Vice President of ARMCO INDUSTRIAL CREDIT CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

[Notarial Seal]

Shirley Carey
Notary Public

My Commission expires

9/5/84

STATE OF MARYLAND,)
) ss.:
CITY OF BALTIMORE,)

On this day of December 1981, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

[Notarial Seal]

Notary Public

My Commission expires

CONSENT AND AGREEMENT

BANGOR AND AROOSTOOK RAILROAD COMPANY ("Lessee"), the lessee named in the Lease ("Lease") referred to in the foregoing Assignment of Lease and Agreement ("Lease Assignment"), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to all the terms and conditions of the Lease Assignment and agrees that:

(1) it will pay all Payments (as defined in Paragraph 1 of the Lease Assignment) due and to become due under the Lease directly to Mercantile-Safe Deposit and Trust Company, as Agent ("Vendor"), the assignee named in the Lease Assignment, by bank wire transfer of immediately available funds to Mercantile-Safe Deposit and Trust Company, Baltimore, Maryland, for credit to its Corporate Trust Department's Account No. 08246-5 with advice that the funds are "Re: B&A 12/1/81" (or at such other address as may be furnished in writing to the Lessee by the Vendor); provided, however, that unless and until the Vendor in its sole discretion shall otherwise direct the undersigned in writing, so long as no event of default under the Lease, or any event which with notice or lapse of time or both would constitute such an event of default, shall have occurred and be continuing, the undersigned shall make only that portion of the Payments necessary to satisfy the obligations of the Lessor (as defined in the Lease) under the CSA (as defined in the Lease) directly to the Vendor and any balance shall be paid by the undersigned directly to the Lessor or to its order;

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Lease Assignment, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor shall any action be taken or omitted by the Lessee, the

taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of Maine and, for all purposes, shall be construed in accordance with the laws of said State.

BANGOR AND AROOSTOOK RAILROAD COMPANY,

[Corporate Seal]

by

President

Attest:

Assistant Clerk

The foregoing Consent and Agreement is hereby accepted as of the first day of December 1981.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, as Agent,

by

Assistant Vice President

ASSIGNMENT OF LEASE AND AGREEMENT dated as of December 1, 1981 ("Assignment"), by and between ARMCO INDUSTRIAL CREDIT CORPORATION ("Lessor"), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent ("Vendor") under a Participation Agreement dated as of the date hereof.

The Lessor is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with WHITTAKER CORPORATION, BERWICK FORGE AND FABRICATING DIVISION ("Builder"), providing for the sale to the Lessor of such units of railroad equipment ("Units") described in the Annex B thereto as are delivered to and accepted by the Lessor thereunder;

The Lessor and BANGOR AND AROOSTOOK RAILROAD COMPANY ("Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof ("Lease"), providing for the leasing of the Units by the Lessor to the Lessee;

In order to provide security for the obligations of the Lessor under the CSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as defined in paragraph 4.3(b) of the CSA), the Lessor agrees to assign for security purposes certain of its rights in, to and under the Lease to the Vendor;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor under the CSA, all the Lessor's right, title and interest, powers, privileges, and other benefits under the Lease (other than the Lessor's rights under §§ 6, 12 and 20 of the Lease), including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee pursuant to the

provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease and to enforce compliance by the Lessee with all the terms and provisions thereof. Notwithstanding the foregoing, the Payments shall not be deemed to include payments by the Lessee to the Lessor pursuant to §§ 6, 12 and 20 of the Lease (except to the extent and in the event any of such payments discharges a corresponding obligation of the Lessor to the Vendor under the CSA); provided, however, that the Lessor shall have no right to exercise any of the remedies under the Lease (other than § 13(a) thereof) to enforce payment of such excluded amounts after an Event of Default shall have occurred and while it shall be continuing, and no payments otherwise excluded from this Assignment pursuant to this sentence may be made to or retained by the Lessor out of the proceeds of the sale or other disposition of the Units unless and until full payment of principal of and interest on the CSA Indebtedness shall have been made.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease, subject to the provisions of the Lessee's Consent and Agreement attached hereto ("Consent") permitting certain payments to be made directly to the Lessor. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the CSA, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor, by check mailed to the Lessor on such date or, upon written request of the Lessor, by bank wire to the Lessor at such address as may be specified to the Vendor in writing,

and such balance shall be retained by the Lessor. If the Vendor shall not receive any rental payment under § 3.1 of the Lease when due and payable to it as provided in the Consent, the Vendor shall notify the Lessor at the address set forth in the Lease; provided, however, that the failure of the Vendor so to notify the Lessor shall not affect the obligations of the Lessor hereunder or under the CSA. The Lessor will furnish to the Vendor and the Lessee a schedule, with such changes as may be appropriate from time to time, setting forth the amounts due the Vendor under the CSA and the Lessor under the Lease on each date for the payment thereof.

2. This Assignment is executed only as security and, therefore, this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Lessor under the Lease, it being agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. The Lessor will faithfully abide by, perform and discharge each and every obligation and agreement which the Lease provides is to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease (except as provided in Section 7 of the Indemnity Agreement) and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other

instruments in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Lessor under the CSA, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor. Promptly following such full discharge and satisfaction, the Vendor agrees to advise the Lessee in writing thereof and instruct the Lessee that no further payments under the Lease are to be made to the Vendor.

6. The Lessor will, from time to time, execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Vendor in order to confirm or further assure, the interest of the Vendor hereunder.

7. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

8. This Assignment shall be governed by the laws of the State of Texas, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

9. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor, unless the Lessor shall have determined that the Vendor has already received such notices.

10. Except as provided in Paragraph 1 hereof, the Vendor hereby agrees with the Lessor that the Vendor will not, so long as no event of default under the CSA has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by

this Assignment and which are solely for the benefit of and are enforceable by the Lessor without the prior consent of the Lessor, and the Vendor hereby acknowledges notice of, and confirms the Lessor's right under § 20 of the Lease to perform for the Lessee.

11. This Assignment may be executed in any number of counterparts, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. Although for convenience this Assignment is dated as of the date first above written, the actual dates of execution hereof by the parties hereto are the dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

ARMCO INDUSTRIAL CREDIT CORPORATION,

by

[Seal]

Vice President

Attest:

Assistant Secretary

MERCANTILE-SAFE DEPOSIT AND TRUST
COMPANY, as Agent,


by



Assistant Vice President

[Corporate Seal]

Attest:



Assistant Corporate Trust
Officer

STATE OF TEXAS,)
) ss.:
COUNTY OF DALLAS,)

On this day of December 1981, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of ARMCO INDUSTRIAL CREDIT CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

[Notarial Seal]

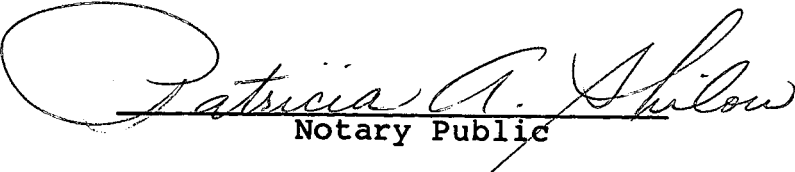
Notary Public

My Commission expires

STATE OF MARYLAND,)
) ss.:
CITY OF BALTIMORE,)

On this *17th* day of December 1981, before me personally appeared *N.L. MASON*, to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

[Notarial Seal]



Notary Public

My Commission expires *7-1-82*

CONSENT AND AGREEMENT

BANGOR AND AROOSTOOK RAILROAD COMPANY ("Lessee"), the lessee named in the Lease ("Lease") referred to in the foregoing Assignment of Lease and Agreement ("Lease Assignment"), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to all the terms and conditions of the Lease Assignment and agrees that:

(1) it will pay all Payments (as defined in Paragraph 1 of the Lease Assignment) due and to become due under the Lease directly to Mercantile-Safe Deposit and Trust Company, as Agent ("Vendor"), the assignee named in the Lease Assignment, by bank wire transfer of immediately available funds to Mercantile-Safe Deposit and Trust Company, Baltimore, Maryland, for credit to its Corporate Trust Department's Account No. 08246-5 with advice that the funds are "Re: B&A 12/1/81" (or at such other address as may be furnished in writing to the Lessee by the Vendor); provided, however, that unless and until the Vendor in its sole discretion shall otherwise direct the undersigned in writing, so long as no event of default under the Lease, or any event which with notice or lapse of time or both would constitute such an event of default, shall have occurred and be continuing, the undersigned shall make only that portion of the Payments necessary to satisfy the obligations of the Lessor (as defined in the Lease) under the CSA (as defined in the Lease) directly to the Vendor and any balance shall be paid by the undersigned directly to the Lessor or to its order;

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Lease Assignment, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor shall any action be taken or omitted by the Lessee, the

taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of Maine and, for all purposes, shall be construed in accordance with the laws of said State.

BANGOR AND AROOSTOOK RAILROAD COMPANY,

[Corporate Seal]

by

President

Attest:

Assistant Clerk

The foregoing Consent and Agreement is hereby
accepted as of the first day of December 1981.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, as Agent,

by



Assistant Vice President

ASSIGNMENT OF LEASE AND AGREEMENT dated as of December 1, 1981 ("Assignment"), by and between ARMCO INDUSTRIAL CREDIT CORPORATION ("Lessor"), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent ("Vendor") under a Participation Agreement dated as of the date hereof.

The Lessor is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with WHITTAKER CORPORATION, BERWICK FORGE AND FABRICATING DIVISION ("Builder"), providing for the sale to the Lessor of such units of railroad equipment ("Units") described in the Annex B thereto as are delivered to and accepted by the Lessor thereunder;

The Lessor and BANGOR AND AROOSTOOK RAILROAD COMPANY ("Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof ("Lease"), providing for the leasing of the Units by the Lessor to the Lessee;

In order to provide security for the obligations of the Lessor under the CSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as defined in paragraph 4.3(b) of the CSA), the Lessor agrees to assign for security purposes certain of its rights in, to and under the Lease to the Vendor;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor under the CSA, all the Lessor's right, title and interest, powers, privileges, and other benefits under the Lease (other than the Lessor's rights under §§ 6, 12 and 20 of the Lease), including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee pursuant to the

provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease and to enforce compliance by the Lessee with all the terms and provisions thereof. Notwithstanding the foregoing, the Payments shall not be deemed to include payments by the Lessee to the Lessor pursuant to §§ 6, 12 and 20 of the Lease (except to the extent and in the event any of such payments discharges a corresponding obligation of the Lessor to the Vendor under the CSA); provided, however, that the Lessor shall have no right to exercise any of the remedies under the Lease (other than § 13(a) thereof) to enforce payment of such excluded amounts after an Event of Default shall have occurred and while it shall be continuing, and no payments otherwise excluded from this Assignment pursuant to this sentence may be made to or retained by the Lessor out of the proceeds of the sale or other disposition of the Units unless and until full payment of principal of and interest on the CSA Indebtedness shall have been made.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease, subject to the provisions of the Lessee's Consent and Agreement attached hereto ("Consent") permitting certain payments to be made directly to the Lessor. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the CSA, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor, by check mailed to the Lessor on such date or, upon written request of the Lessor, by bank wire to the Lessor at such address as may be specified to the Vendor in writing,

and such balance shall be retained by the Lessor. If the Vendor shall not receive any rental payment under § 3.1 of the Lease when due and payable to it as provided in the Consent, the Vendor shall notify the Lessor at the address set forth in the Lease; provided, however, that the failure of the Vendor so to notify the Lessor shall not affect the obligations of the Lessor hereunder or under the CSA. The Lessor will furnish to the Vendor and the Lessee a schedule, with such changes as may be appropriate from time to time, setting forth the amounts due the Vendor under the CSA and the Lessor under the Lease on each date for the payment thereof.

2. This Assignment is executed only as security and, therefore, this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Lessor under the Lease, it being agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. The Lessor will faithfully abide by, perform and discharge each and every obligation and agreement which the Lease provides is to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease (except as provided in Section 7 of the Indemnity Agreement) and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other

instruments in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Lessor under the CSA, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor. Promptly following such full discharge and satisfaction, the Vendor agrees to advise the Lessee in writing thereof and instruct the Lessee that no further payments under the Lease are to be made to the Vendor.

6. The Lessor will, from time to time, execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Vendor in order to confirm or further assure, the interest of the Vendor hereunder.

7. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

8. This Assignment shall be governed by the laws of the State of Texas, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

9. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor, unless the Lessor shall have determined that the Vendor has already received such notices.

10. Except as provided in Paragraph 1 hereof, the Vendor hereby agrees with the Lessor that the Vendor will not, so long as no event of default under the CSA has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by

this Assignment and which are solely for the benefit of and are enforceable by the Lessor without the prior consent of the Lessor, and the Vendor hereby acknowledges notice of, and confirms the Lessor's right under § 20 of the Lease to perform for the Lessee.

11. This Assignment may be executed in any number of counterparts, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. Although for convenience this Assignment is dated as of the date first above written, the actual dates of execution hereof by the parties hereto are the dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

ARMCO INDUSTRIAL CREDIT CORPORATION,

by

[Seal]

Vice President

Attest:

Assistant Secretary

MERCANTILE-SAFE DEPOSIT AND TRUST
COMPANY, as Agent,

by

[Corporate Seal]

Assistant Vice President

Attest:

Assistant Corporate Trust
Officer

STATE OF TEXAS,)
) ss.:
COUNTY OF DALLAS,)

On this day of December 1981, before me
personally appeared , to me personally
known, who, being by me duly sworn, says that he is a Vice
President of ARMCO INDUSTRIAL CREDIT CORPORATION, that one of
the seals affixed to the foregoing instrument is the corporate
seal of said Corporation and that said instrument was signed
and sealed on behalf of said Corporation by authority of its
Board of Directors and he acknowledged that the execution of
the foregoing instrument was the free act and deed of said
Corporation.

[Notarial Seal]

Notary Public

My Commission expires

STATE OF MARYLAND,)
) ss.:
CITY OF BALTIMORE,)

On this day of December 1981, before me
personally appeared , to me personally
known, who, being by me duly sworn, says that he is an
Assistant Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST
COMPANY, that one of the seals affixed to the foregoing
instrument is the seal of said Corporation and that said
instrument was signed and sealed on behalf of said Corpora-
tion by authority of its Board of Directors and he acknowl-
edged that the execution of the foregoing instrument was the
free act and deed of said Corporation.

[Notarial Seal]

Notary Public

My Commission expires

CONSENT AND AGREEMENT

BANGOR AND AROOSTOOK RAILROAD COMPANY ("Lessee"), the lessee named in the Lease ("Lease") referred to in the foregoing Assignment of Lease and Agreement ("Lease Assignment"), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to all the terms and conditions of the Lease Assignment and agrees that:

(1) it will pay all Payments (as defined in Paragraph 1 of the Lease Assignment) due and to become due under the Lease directly to Mercantile-Safe Deposit and Trust Company, as Agent ("Vendor"), the assignee named in the Lease Assignment, by bank wire transfer of immediately available funds to Mercantile-Safe Deposit and Trust Company, Baltimore, Maryland, for credit to its Corporate Trust Department's Account No. 08246-5 with advice that the funds are "Re: B&A 12/1/81" (or at such other address as may be furnished in writing to the Lessee by the Vendor); provided, however, that unless and until the Vendor in its sole discretion shall otherwise direct the undersigned in writing, so long as no event of default under the Lease, or any event which with notice or lapse of time or both would constitute such an event of default, shall have occurred and be continuing, the undersigned shall make only that portion of the Payments necessary to satisfy the obligations of the Lessor (as defined in the Lease) under the CSA (as defined in the Lease) directly to the Vendor and any balance shall be paid by the undersigned directly to the Lessor or to its order;

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Lease Assignment, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor shall any action be taken or omitted by the Lessee, the

taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of Maine and, for all purposes, shall be construed in accordance with the laws of said State.

BANGOR AND AROOSTOOK RAILROAD COMPANY,

[Corporate Seal]

by

Walter E. Evans
President

Attest:

Christine B. [Signature]
Assistant Clerk

The foregoing Consent and Agreement is hereby accepted as of the first day of December 1981.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, as Agent,

by

Assistant Vice President